

upon these shores, and it is our most earnest hope that during our sojourn in New Zealand we may assist in some measure in contributing to the welfare of this great Dominion and to the happiness of its people.

The Dominion has recently been privileged to receive a Good Will Mission from Japan under the distinguished leadership of Mr. Katsuji Debuchi. Animated as it was by the sentiments of good will, peace, and amity, the visit of the Mission has given great pleasure to the people of this Dominion, and will no doubt promote a fuller understanding of mutual problems and still closer relations between Japan and New Zealand.

My Ministers are firmly attached to the principles of world peace and disarmament, and will continue warmly to support the League of Nations. In common with responsible statesmen in other parts of the world, and in other portions of the British Commonwealth of Nations, they have, however, been gravely perturbed by recent international developments. While in London my Prime Minister and my Minister of Finance were afforded the opportunity of a full discussion with His Majesty's Government in the United Kingdom, who are making every possible effort, and exploring every possible avenue, to preserve the peace in the interests of mankind. In the opinion of my Advisers, His Majesty's Government in the United Kingdom should receive the full and unqualified support of His Majesty's Government in New Zealand and the people of this Dominion in their efforts to further that object.

My Ministers feel, however, that they would be failing in their duty were they not to take what reasonable steps are necessary and within their power to provide for the effective defence of this Dominion and for the protection of its people, and steady progress has been maintained with this work.

Progress is being made with the construction of a chain of aerodromes and landing-grounds throughout New Zealand in preparation for the development of civil aviation in the Dominion. My Advisers are giving careful consideration to proposals for an air service to connect the Dominion with the Commonwealth of Australia and with the existing air services to the United Kingdom, and an Empire Air-mail Conference, held at Sydney in February last, was attended by delegates from the United Kingdom, the Commonwealth of Australia, and New Zealand. This Dominion was represented by my Postmaster-General, and the British proposals for an extension of the service to New Zealand, commencing in 1937, were discussed and in principle approved. The investigation of essential points relating to finance and to the type of machines to be utilized is still in progress.

#### MR. SPEAKER AND MEMBERS OF THE HOUSE OF REPRESENTATIVES,—

It is a pleasure to me and to my Advisers to be able to call your attention to the marked progress that has been made, and is still being made, towards economic recovery in the Dominion. Production has been well maintained, and, though the prices received for our exports of primary products are still low, they are substantially higher than they have been, and the trend is upward. The Dominion has already made a material advance in adjusting its affairs to the lower price-level now ruling, with the result that conditions are now sufficiently stable to engender a feeling of renewed confidence which augurs well for the future.

The problem of overseas markets has, nevertheless, occasioned my Ministers considerable anxiety. The question engaged the close attention of my Prime Minister and my Minister of Finance during their recent visit to the United Kingdom, and the success that has attended their negotiations must be a source of gratification to the whole Dominion.

Not only have the mutton and lamb producers of this country been saved from the great financial loss that would have resulted from the imposition of a levy on mutton and lamb imports into the United Kingdom, but an expanding share of the United Kingdom market has been assured to them, thus extending the principles laid down at the Ottawa Conference. The principle of regulated marketing has also been retained.